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USAID VIETNAM LOW EMISSION ENERGY PROGRAM (V-LEEP)

Quarterly Report

FY16 Q4 (July – September 2016)

September 30, 2016

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AFD	Agence Française de Développement
DANIDA	Danish International Development Agency
EE	Energy Efficiency
EIB	European Investment Bank
ERAV	Electricity Regulatory Agency of Vietnam
ESCO	Energy Service Company
EU	European Union
EVN	Electricity Vietnam
FY	Fiscal Year
GDE	General Directorate of Energy
GIZ	Gesellschaft für Internationale Zusammenarbeit
GVN	Government of Vietnam
HCMC	Ho Chi Minh City
IEE	Industrial Energy Efficiency
IFC	International Finance Corporation
IIE	Institute of International Education
IZ	Industrial Zone
JICA	Japan International Cooperation Agency
KfW	German Development Bank (Bank for Reconstruction)
LEDS	Low Emission Development Strategies
MOC	Ministry of Construction
MOF	Ministry of Finance
MOIT	Ministry of Industry and Trade
MONRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment
NDC	National Determined Contributions
NDF	Nordic Development Fund
NREL	National Renewable Energy Laboratory
PCD	Partner Capacity Development Program
PD	Project Document
PDO	Project Document Outline
PFAN	Private Financing Advisory Network- Asia (PFAN-Asia)
PMR	Partnership for Market Readiness
PPP	Public Private Partnership
RE	Renewable Energy
SECO	Swiss State Secretariat for Economic Affairs
SME	Small and Medium Enterprise
TBD	To be determined
TTC	Technology Transition Corporation
U.S.	United States
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
VAT	Value Added Tax
VCEP	USAID Vietnam Clean Energy Program
VGGS	Vietnam's Green Growth Strategy

EXECUTIVE SUMMARY

During the fourth quarter of FY16, the Deloitte V-LEEP team continued technical work under each of the three project components as outlined in the Year 1 Work Plan, revising and finalizing Year 1 deliverables, and laying the groundwork for activities planned in Year 2. In addition, V-LEEP supported further developments in the GVN Activity Approval process, on-boarded the leads for Components 2 and 3, and submitted the Year 2 Work Plan.

V-LEEP made good progress towards obtaining Government of Vietnam (GVN) Activity Approval during this past quarter. After supporting further revisions, the draft Project Document was passed from the General Directorate of Energy (GDE) to the Ministry of Planning and Investment (MPI). The document has been revised per MPI instructions and resubmitted this quarter.

V-LEEP also made progress under each of the project's three technical components during the past quarter. Under Component 1, the team continued work on clean energy program and policy mapping. The team also continued efforts to map energy modeling and tools, best practices and in Vietnam. Under Component 2, technical staff worked together on revisions to draft reports on industrial renewable energy adoption, renewable energy alternative procurement mechanisms, and GVN renewable energy capacity. Under Component 3, the team continued work on industrial characterization reports, an energy service company (ESCO) capacity assessment and energy efficiency labeling standards analysis.

During August, V-LEEP conducted planning sessions for the development of the Year 2 Work Plan. The plan incorporates activities deferred from Year 1 due to the pending GVN Activity Approval as well as an agenda for activities in Year 2. The Year 2 Work Plan was submitted for approval to USAID in August.

V-LEEP staff participated in several workshops as well as hosted and attended meetings with various parties interested in collaborating on V-LEEP, including: Binh Thuan Wind Energy Association Meeting, Solar City, Thanh Hoa Green Growth Action Plan Launch, RDMA, and Coca-Cola.

For the upcoming quarter, assuming approval is received, the V-LEEP team will hold an Activity Approval Ceremony, kick-off collaboration with various GDE counterparts, establish procedures for task development and approval, and begin executing all activities planned for Year 2.

TÓM TẮT BÁO CÁO

Quý 4 năm 2016, dự án V-LEEP tiếp tục triển khai hoạt động kỹ thuật thuộc các hợp phần theo Kế hoạch công việc năm 1, rà soát và hoàn thành kết quả Năm 1, thiết lập nền tảng cho các hoạt động Năm 2. Ngoài ra, V-LEEP cũng hỗ trợ các hoạt động trong quá trình xin Phê duyệt Hoạt động của chính phủ, tuyển dụng lãnh đạo Hợp phần 2 và 3, nộp Kế hoạch công việc năm 2.

V-LEEP đã thu được một số kết quả trong quá trình xin phê duyệt của chính phủ trong quý vừa qua. Sau khi thực hiện một số sửa đổi, Dự thảo Văn kiện dự án đã được TCNL trình lên Bộ KHĐT. Văn kiện đã được chỉnh sửa theo ý kiến của Bộ KHĐT và nộp trong quý.

Cũng trong thời gian này, các hợp phần kỹ thuật của V-LEEP đã đạt được một số tiến triển. Trong Hợp phần 1, nhóm dự án tiếp tục thực hiện chương trình năng lượng sạch và lập bản đồ chính sách. Nhóm tiếp tục lập bản đồ mô hình năng lượng và các công cụ, theo thông lệ tốt nhất và tại Việt Nam. Với Hợp phần 2, các chuyên gia kỹ thuật phối hợp chỉnh sửa dự thảo báo cáo về áp dụng năng lượng tái tạo trong lĩnh vực công nghiệp, cơ chế mua sắm năng lượng tái tạo, và năng lực về năng lượng tái tạo của Chính phủ Việt Nam. Trong Hợp phần 3, nhóm dự án tiếp tục hoàn tất báo cáo mô tả đặc trưng công nghiệp, đánh giá năng lực của công ty dịch vụ năng lượng (ESCO) và phân tích tiêu chuẩn dán nhãn năng lượng hiệu quả.

Trong tháng 8, V-LEEP có hoạt động lập kế hoạch nhằm xây dựng Kế hoạch công việc năm thứ 2. Kế hoạch công việc năm 2 gồm các hoạt động chuyển từ năm thứ nhất sang do đang chờ Chính phủ Việt Nam phê duyệt Hoạt động cũng như một chương trình nghị sự cho các hoạt động trong năm 2. Kế hoạch công việc năm 2 đã được nộp cho USAID phê duyệt trong tháng 8.

Các cán bộ V-LEEP tham gia một số hội thảo cũng như tổ chức và tham dự các cuộc họp với các bên quan tâm hợp tác trong dự án V-LEEP, bao gồm: Họp với Hiệp hội năng lượng gió tỉnh Bình Thuận, Solar City, Lễ công bố Kế hoạch hành động tăng trưởng xanh của Thanh Hóa, RDMA, và Coca-Cola.

Trong quý tới, sau khi được phê duyệt, V-LEEP sẽ tổ chức Lễ Phê duyệt hoạt động, hợp tác với các đơn vị trong TCNL, xây dựng quy trình triển khai nhiệm vụ và phê duyệt, đồng thời bắt đầu thực hiện tất cả các hoạt động dự kiến cho Năm 2.

V-LEEP OVERVIEW

The USAID Vietnam Low Emission Energy Program (V-LEEP) is designed to assist the Government of Vietnam (GVN) in establishing an effective policy, regulatory, and incentive environment for low-emission growth in the energy sector, while simultaneously attracting public- and private-sector investment in renewable energy (RE) development and energy efficiency (EE). V-LEEP will promote the development of critical building blocks to scale up clean energy, such as accessible smart incentives for clean energy and EE investments, enabling a competitive environment for RE generation, enhancing renewable power grid integration, and ensuring locational concentration of clean energy generation facilities.

Three components form the core tasks under the approved V-LEEP Year 1 Work Plan:

Component 1: Low Emission Strategy Development for the Energy Sector

Task 1.1: Enhance GVN capacity to analyze and develop clean energy strategies, and evaluate emission mitigation options for decision making.

Component 2: Enhance Capacity and Improve Enabling Environment for Renewable Energy Development

Task 2.1: Enhance capacity of Vietnamese government institutions to improve the enabling environment for RE development.

Task 2.2: Enhance capacity of RE developers and the private sector in large-scale RE development.

Task 2.3: Increase adoption of RE in industry.

Component 3: Increase Energy Efficiency Adoption and Compliance

Task 3.1: Enhance government capacity to strengthen energy efficiency policy implementation.

Task 3.2: Enhance energy efficiency in energy-intensive industry sectors.

Our first year work plan has been structured to accomplish the following:

- A rapid mobilization plan that will quickly initiate the various tasks as rapidly as possible,
- Activities to coordinate with stakeholders and counterparts so that V-LEEP quickly becomes a recognizable low emissions energy initiative in Vietnam,
- Early wins to demonstrate credibility and capability of the project team,
- Groundwork for subsequent yearly activities that will keep the program on track and ensure contract deliverables are achieved within the term of the Program's term, and
- An effective project management tool for monitoring and evaluation of V-LEEP.

While VLEEP has made good progress in all these areas, the absence of an approved GVN Project Activity has inhibited our progress across all tasks.

PROGRESS AND ACHIEVEMENTS

V-LEEP had a productive fourth quarter. The following sections describe progress and achievements under each project element.

Component 1: Low Emission Strategy Development for the Energy Sector

Under Component 1, after completing the draft overview of the landscape of energy programs in Vietnam during Q3, V-LEEP finalized an analysis of the legal and institutional framework for energy planning in Vietnam as well as an energy modeling characterization. Each of these component reports together make up the Modeling Characterization Report (a Year 1 Work Plan deliverable), which was finalized in September. In addition, the component team began laying the groundwork for planned activities under Component 1 in Year 2. Such efforts include a plan for stakeholder workshops, a report outline for the modeling optimization report, support to Green Growth Action Plan, and an outline for training in Year 2.

Summary of work delivered:

Activity	Year 1 Work Plan Deliverable	Status
Overview of Clean Energy Programs in Vietnam	Modeling Characterization Report	Report completed and submitted to USAID
Analysis of the Legal and Institutional Framework for Energy Planning		
Energy Modeling Characterization (RE)		
Plan for Year 2 Stakeholder Workshop(s) in Year 2	Stakeholder Workshops	Plan for Year 2 completed and submitted to USAID
Optimization Report	Modeling Optimization Report	Report completed and submitted to USAID
Training Plan Outline	Training Plan	Plan completed and submitted to USAID

The MOIT-led working group and meetings activity has been deferred to Year 2 in lieu of pending GVN Activity Approval.

Component 2: Enhance Capacity and Improve Enabling Environment for Renewable Energy Development

Under Component 2, staff worked together on revisions to the GVN renewable energy capacity report, alternative procurement policies report, and the industrial renewable energy adoption report. The team also prepared outlines for a renewable energy developer characterization and an ESCO, facility manager report. As with Component 1, the team began laying the groundwork for Year 2 activities through the development of plans for stakeholder workshops and planned for Year 2. The Component 2 Lead was also brought under contract to lead the Component activities in Year 2. V-LEEP made a concentrated effort to reach out to potential private sector

partners such as Coca-Cola, Saigon Hi-Tech Park, First Solar, and other developers and customers.

Summary of work delivered:

Activity	Work Plan Deliverable	Status
RE Developer Characterization	RE Developer Characterization Report	Report completed and submitted to USAID
Alternate Procurement Mechanisms	Alternate Policies and Procurements White Paper	Report completed and submitted to USAID
Industrial RE Adoption Report	Industrial RE Adoption Report	Report completed and submitted to USAID
GVN RE Capacity Report	GVN RE Capacity Report	Report completed and submitted to USAID
ESCO/FM Capacity Assessment Report	ESCO/FM Capacity Assessment Report	Report completed and submitted to USAID

Component 3: Increase Energy Efficiency Adoption and Compliance

Under Component 3, the V-LEEP team continued work on reports pertaining to industry characterization, ESCO capacity assessment and energy efficiency labeling and standards in Vietnam. In addition, the team finalized the outline of the energy efficiency adoption and compliance roadmap, as well as finalized plans for workshops, capacity building and training activities planned for Year 2.

Summary of delivered:

Activity	Work Plan Deliverable	Status
IEE Data Collection and Reporting	Adoption and compliance roadmap	Report completed and submitted to USAID
Industry Characterization		
ESCO Capacity Assessment		
Labeling Standards Report		
Adoption and compliance roadmap outline		
Year 2 workshops plan	Stakeholder workshops	Report completed and submitted to USAID
Capacity building program design	Capacity building program design	Report completed and submitted to USAID

Cross-cutting Activities

During Q4, V-LEEP made progress under the project's most significant cross-cutting activity – obtaining GVN Activity Approval. V-LEEP continued to support revisions to the core document of the approval process, the Project Document (PD).

Project Management

Subcontracting and Key Personnel

At the beginning of Q4, the Component 3 lead, Jalel Chabchoub of Deloitte US, deployed to Hanoi and initiated his assignment leading all activities under Component 3. Mr. Chabchoub began supporting the project immediately on arrival to Vietnam. He spent his first few weeks meeting with RCEE team members who have been supporting efforts under Component 3 to date and managing efforts for the completion of Component 3 deliverables under the Year 1 Work Plan.

V-LEEP also submitted and obtained approval for the interim Component 2 lead, Mr. Nguyen Dang Anh Thi who comes to the project through Deloitte Vietnam. Mr. Thi will be leading activities under Component 2.

Reports & Deliverables

V-LEEP submitted five contract deliverables during Q4: the FY16 Q3 Quarterly Report, the FY16 Q3 Financial Report, and the FY16 Q4 Accruals Report, the Year 2 Work Plan and the Annual Property Inventory. V-LEEP also submitted a trip report for the US Study Tour held in June.

Other Project Management

V-LEEP held numerous cross-cutting meetings and attended numerous relevant events, during the 4th quarter, including: Binh Thuan Wind Energy Association, Solar City, UNDP Renewable Energy Roadmap, Thanh Hoa Green Growth Action Plan, Ecoplexus, Coca-Cola, Clean Power Asia, and others.

PROGRESS BY PERFORMANCE INDICATORS

The approved Monitoring & Evaluation Plan includes a set of 15 key performance indicators to be tracked throughout the duration of the project. For Year 1, all indicators were set to zero in consideration of project start-up. V-LEEP has made progress across all indicators in the course of initiating the various technical tasks required.

CONSIDERATIONS AND CHALLENGES

The primary challenge for the V-LEEP project to date has been the need to obtain GVN Activity Approval to formalize the project in Vietnam and authorize engagement of GVN counterparts. While we have made good progress in Year 1 with MOIT/GVN, this restriction remains a limiting factor on implementing our activities. Several Year 1 Work Plan deliverables will be completed after their original estimated completion dates, or deferred until Year 2, but most are anticipated to be completed prior to the end of V-LEEP Year 1.

FY16 Q4 PROJECT FORECAST

Pending the approval of the Year 2 Work Plan, the following activities are planned under each element of the V-LEEP project for FY17 Q1 (October – December 2016).

Component 1: Low Emission Strategy Development for the Energy Sector

Pending GVN Activity Approval, the Component 1 team will engage GVN stakeholders for feedback on the initial energy modeling and tools analysis developed. The team will incorporate stakeholder feedback and finalize this characterization. On the energy modeling optimization report, the team will analyze existing GVN databases and hold a consultation workshop for feedback. Finally, with regards to support to Green Growth Action Plans (GGAPs), the team will conduct a review of existing GGAPs and those under development, and assess the application of renewable energy and industrial energy efficiency therein.

Component 2: Enhance Capacity and Improve Enabling Environment for Renewable Energy Development

Under Component 2, V-LEEP will complete activities under each of the component's three tasks. Under task 2.1, the team will complete an assessment and recommendations for a Renewable Energy Portfolio Standard in Vietnam and conduct a stakeholder consultation for feedback. The team will also be developing a concept paper on the establishment of a Renewable Energy Supply Industry in Vietnam and seek to promote the concept in Vietnam. Under task 2.2, the team will continue surveying potential renewable energy project developers and finalizing the renewable energy project developer characterization report. The team will prepare a case study and training materials for a large scale grid-connected renewable energy project analysis as well as review the existing Development Credit Authority (DCA) market study. V-LEEP will be initiating the conceptual design of a Renewable Energy Promotion Center in Vietnam. Under task 2.3, the team will be initiating stakeholder dialogue on renewable energy adoption in industry, as well as establishing selection criteria and industries for the renewable energy adoption project analysis. Finally, V-LEEP will support the USAID 2GW renewable energy initiative.

Component 3: Increase Energy Efficiency Adoption and Compliance

Under Component 3, under task 3.1, V-LEEP will establish a working group (pending GVN Activity Approval) on reporting frameworks and energy efficiency compliance as well as generate that group's first report. The team will also plan to complete a draft of the industry characterization report, planned for finalization in FY17 Q2 and begin reaching out to ESCOs and industry on energy efficiency program design and implementation.

Cross-cutting Activities

Several cross-cutting activities are planned during FY17 Q4 to complement and support the project's technical activities. V-LEEP will organize a kick-off ceremony to acknowledge the formal initiation of the project in Vietnam, establish the infrastructure and tools for monitoring and evaluation activities planned for the remainder of the year and beyond, and align all

communications activities for the project, V-LEEP will elaborate on the project's approved Communications Strategy with the development of a detailed Communications Plan for Year 2.

Project Management

V-LEEP will recruit for planned STTA staff in support of specific initiatives, and other technical staff as needed. The team will continue to provide project management reports as required under the task order contract and Year 2 Work Plan. Upon obtaining GVN Activity Approval, V-LEEP will assess the need for additional project management infrastructure (i.e. a local project bank account, work permits for permanent expatriate staff) and prepare to transition into a permanent office space in FY17 Q2). V-LEEP will continue to participate in donor coordination meetings and to support ad hoc requests from USAID and partners. Finally, V-LEEP will begin to engage with our primary GVN partner on specific activities and work plan initiatives.

COOPERATION WITH OTHER USG AND DONOR PROGRAMS

V-LEEP is one of many renewable energy donor programs in Vietnam and proactive coordination with other programs is essential for optimizing resources. The following is a summary of domestic and regional donor programs relevant to V-LEEP.

USAID Vietnam Clean Energy Program

The USAID Vietnam Clean Energy Project (VCEP) supports the Ministry of Construction (MOC) in its implementation of the National Green Growth Strategy and promotion of energy efficiency in all civic buildings.

Vietnam Central Province Green Growth Growth Action Plan

The province of Thanh Hoa, and USAID, will enhance the exchange of information, knowledge and technology in the field of climate change, while jointly conducting surveys and collecting data on agriculture, forestry and aquaculture; energy; industry and waste treatment. V-LEEP will support Thanh Hoa in those areas of the GGAP which are covered by our work plan.

USAID Clean Power Asia

Many of the activities under this new regional initiative compliment V-LEEP in the areas of renewable energy development. V-LEEP participated in coordination meetings with USAID's Regional Development Mission for Asia (RDMA) and the institutional contractor to ensure activity planning will be well coordinated.

Nationally Determined Contributions (NDC) Investment Accelerator

This National Renewable Energy Laboratory (NREL) initiative seeks to employ an innovative Public Private Partnership (PPP) model to rapidly scale financial flows for meeting country-established renewable energy National Determined Contribution (NDC) goals. The initiative will do this by addressing and resolving key barriers in the renewable energy policy and finance sectors through country-specific activities focused on supporting effective policy and regulatory structures, a robust pipeline of "investment ready" clean energy projects, and renewable energy purchasers and financiers that can leverage and deploy public and private finance.

Climate Economic Analysis for Development, Investment and Resilience (CEADIR)

CEADIR will accelerate private sector investment and finance for NDCs by connecting leading private sector entities, "early-mover" country governments (such as Vietnam, Philippines, Indonesia, India, and Thailand), and donors around specific investment commitments, models of catalytic financing, investment-ready projects, and examples of enabling environment changes that are mobilizing private finance toward NDC priorities. Supporting this process in early-mover countries will help build the regional market for climate-friendly private investment, and encourage replication more broadly in the region. CEADIR is organized into three tasks: Task 1. Develop Climate Investment Opportunities and Catalytic Financing Models in the Asia Region, Task 2. Convene Private Sector Leaders, Early-Mover Countries, and Development Partners to

Mobilize Investment and Financing and to Align Assistance, and Task 3. Promote the Replication of Catalytic Models and the Scaling up of Private Sector Involvement.

Other International Donor Programs

V-LEEP actively coordinates with other donor programs in Vietnam that are concerned with promoting renewable energy development and industrial energy efficiency. The table below contains a representative summary.

Program	Local / Global	Budget (\$M USD)	Timeline	Agency	Beneficiary
Energy Efficiency					
Vietnam Clean Production and Energy Efficiency Project	Local		2011 – 2016	MOIT	Key industries, ESCOs
Vietnam Resource Energy Efficiency	Local	2.6	2013 – 2017	IFC	Processing zones/ industrial zones
Low Carbon Transition in the Energy Efficiency Sector	Local	11.5	2013 – 2017	DANIDA	MOIT/SMEs
Vietnam Inclusive Innovation Project	Local	58	2013 – 2018	World Bank	Multiple
Promotion of EE Industrial Boiler Adoption and Operating Practices in Vietnam	Local	12	2015 – 2019	UNIDO	MOIT
Vietnam Energy Efficiency for Industrial Enterprises	Local	200	2016 – 2021	World Bank	Industrial enterprises
Renewable Energy					
Clean Energy Financing Partnership Facility	Global	N/A	2007 – TBD	ADB	Multiple
Support for the Development of Renewable Energy in Vietnam	Local	3.4	2012 – 2015	GIZ	Vietnamese private sector actors
Renewable Energy Development Project	Local	202	2013 – 2021	World Bank/ SECO	RE developers
Support to the Up-Scaling of Wind Energy in Vietnam	Local	7.8	2014 – 2018	GIZ	MOIT
Renewable Energy Resource Mapping	Local	1.5	2015 – 2017	World Bank	MOIT
Pump Storage Hydropower Project (Pipeline)	Local	800	2015 – 2017	World Bank	MOIT/EVN
Renewable Energy and Energy Efficiency (4E)	Local	3.4	2015 – 2017	GIZ	MOIT
PDP South-East Asia	Regional	0.45	2015 – 2017	GIZ	Vietnamese private sector actors
Renewable Energy Development Facility	Global	17.4	2017 – TBD	KfW	RE developers
Cross-cutting					
Support Program to Respond to Climate Change	Local	895.15	2009 – 2020	AFD, JICA	Multiple
Nordic Development Fund	Global	N/A	2009 – TBD	NDF	Multiple
Global Environment Facility	Global	3	2010 – 2014	Multiple	Multiple
Vietnam Climate Change Global Loan	Local	182	2011 – 2013	EIB	MOF
Global Climate Partnership Fund	Global	N/A	2011 – TBD	Multiple	Vietinbank
Green Growth Strategy Facility	Local	7.2	2013 – 2019	Belgium	MPI
Green Climate Fund	Global	1,846	2013 – TBD	Multiple	Multiple

Program	Local / Global	Budget (\$M USD)	Timeline	Agency	Beneficiary
Energy and Environment Partnership Program in the Mekong (Phase 2)	Regional	10.19	2014 – 2018	Finland MFA	Multiple
EU Multiannual Indicative Program	Local	420	2014 – 2020	EU	GDE
Implementation of Eco-Industrial Park Initiative for Sustainable IZs in Vietnam	Local	53	2014 – 2017	UNIDO	MPI/IZs
Partnership for Market Readiness	Global	3.6	2016 – 2020	World Bank	MONRE, MPI, MOF, MOIT, MOC